

**SHUNSIN TECHNOLOGY HOLDINGS LIMITED
AND SUBSIDIARY**
Consolidated Financial Statements
With Independent Auditors' Report
For the second quarter of 2021 and 2020
(The financial information of the second quarter of 2020 only reviewed)

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Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China. The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors of ShunSin Technology Holdings Limited:

Audit Opinion

We have audited the consolidated financial statements of ShunSin Technology Holdings Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of June 30, 2021, and the related consolidated statement of comprehensive income from April 1 to June 30, 2021 and January 1 to June 30, 2021, changes in equity and cash flows from January 1 to June 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policy.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021, and its consolidated financial performance from April 1 to June 30, 2021 and from January 1 to June 30, 2021 and its consolidated cash flows from January 1 to June 30, 2021 in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and with the International Accounting Standards (“IASs”) 34 “Interim Financial Reporting” by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matters

We have reviewed the Group’s financial report for six months ended of 2020 and issued a review report with unqualified opinion on August 10, 2020. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in

our audit of the consolidated financial statements of the second quarter of 2021. These matters were addressed in the context of our audit of consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgements, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4 (13) for accounting policy related to revenue recognition, and notes 6 (19) for the information related to revenue of the consolidated financial report of 2020.

Description of key audit matter:

Due to sales transactions of the Group are depending on contracts, we need to judge individually to confirm the adequacy of revenue recognition. Additionally, the Group adopts IFRSs 15, which involves complex accounting treatments and policy may result in inappropriate performance obligations and recognition of revenue under IFRSs 15. In addition, it is necessary to evaluate and verify the completeness and accuracy of the relevant materials used, as well as the new disclosure requirements revenue recognition is listed as one of the important items in the audit of the financial statements.

Our audit procedures included:

- Assess the appropriateness of accounting policy in accordance with the requirements of the IFRSs 15 and the understanding of operating and industry characteristics.
- Testing the effectiveness of the design and implementation of internal control over sales and collection cycle, and to examine major contracts to assess revenue recognition.
- Performing comparison analysis on sale of the current period to last period and the latest quarter, and performing trend analysis on sales from each top ten customer to assess the existence of any exceptions, and further identify and analyze the causes if there is any significant exception.
- Performing confirmation procedure of sales revenue and examining significant returns or exchanges after the balance sheet date to assess the assertions of the existence, accuracy, as well as the appropriateness of recognition.
- Performing sales cut-off test of a period before and after the financial position date by vouching relevant documents of sales transactions to determine whether the sales of goods, sales returns and allowances have been the appropriately recognized.

2. Financial Assets at Fair Value through Profit and Loss

Please refer to note 4 (7) “Financial Instrument” for the accounting policies of financial assets measured at fair value through profit and loss; note 5 for accounting assumptions and estimation uncertainties of impairment of financial assets measured at fair value through profit and loss, and note 6 (2) and (22) “Financial Instrument” for the property and evaluation statements of financial assets measured at fair value through profit and loss.

Description of key audit matter:

The financial assets measured at fair value through profit and loss of the Group are susceptible to the

operating conditions of the companies and the economic environment that the fund invests, resulting in greater changes in the subsequent profits or losses recognized as gains and losses at fair value re-measurement, thus adjusting the value of financial assets. Assessing the fair value of this financial asset often requires complicated evaluation techniques. Therefore, we listed the evaluation of financial assets measured at fair value of profits and losses as one of the key audit matters in the audit of Financial Statements.

Our audit procedures included:

- Obtain annual income tax declaration or verification data to determine major temporary difference adjustment items between book value and tax base.
- Evaluate the rationality of deferred income tax assets or liabilities arising from major temporary differences.
- Tax experts in the place where the foreign business entity is located are invited to participate in the assessment of the reasonableness of the items for the recognition of deferred income tax assets and liabilities and the recorded amount.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the Guidelines and IAS 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Accountant’s Responsibility for Auditing Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and

maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the second quarter of 2021 and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine

that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

June 30 2021, December 31 2020 and June 30 2020

Expressed in Thousands of New Taiwan Dollars

		2021.6.30		2020.12.31		2020.6.30				2021.6.30		2020.12.31		2020.6.30	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equities		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6 (1))	\$ 8,476,967	62	9,943,380	68	6,763,902	61	2100	Short-term loans (note 6 (10))	\$ 2,785,958	21	4,513,883	31	2,676,614	24
1110	Current financial assets at fair value through profit or loss (note 6 (2) and (12))	-	-	13,607	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6 (2) and (12))	2,200	-	-	-	2,250	-
1137	Financial assets at amortized costs- current (note 6 (3) and (11) and 8)	51,752	-	-	-	-	-	2170	Accounts payable	497,056	4	319,494	2	329,432	3
1140	Current contract assets (note 6 (19) and 7)	214,172	2	188,071	1	191,441	2	2180	Accounts payable to related parties (note 7)	23,706	-	3,175	-	194	-
1170	Accounts receivable (note 6 (4) and (19))	384,075	3	394,033	3	453,522	4	2200	Other payables (note 6 (20))	543,730	4	534,213	4	324,445	3
1181	Accounts receivable—related parties (note 6 (4), (19) and 7)	393,474	3	701,751	5	315,364	3	2216	Dividend payable (note 6 (16))	440,212	3	-	-	387,641	4
1206	Other receivables (note 6 (5))	46,391	-	10,945	-	7,954	-	2220	Other payables to related parties (note 7)	26,073	-	38,454	-	20,667	-
1220	Current tax assets	-	-	11,513	-	-	-	2230	Current tax liabilities	70,046	-	31,553	-	3,177	-
1310	Inventories (note 6 (6))	514,581	4	325,196	2	304,152	3	2280	Current lease liabilities (note 6 (13))	35,009	-	32,598	-	16,070	-
1410	Prepayments	209,971	2	36,522	-	235,451	2	2321	Bonds payable, current portion (note 6 (12))	-	-	1,443,956	10	1,428,761	13
1470	Other current assets	4,419	-	2,044	-	1,057	-	2399	Other current liabilities, others (note 6 (16) and (19))	104,213	1	27,090	-	35,029	-
		10,295,802	76	11,627,062	79	8,272,843	75			4,528,203	33	6,944,416	47	5,224,280	47
15xx	Non-current assets:							25xx	Non-current liabilities:						
1510	Financial assets measured at fair value through profit or loss-non-current (note 6 (2) and (12))	458,698	3	446,000	3	381,544	3	2530	Bonds payable (note 6 (12))	1,459,313	11	-	-	-	-
1535	Financial assets at amortized costs- non -current (note 6 (3) and (11) and 8)	8,000	-	8,000	-	-	-	2540	Long-term loans (note 6 (3), (11) and 8)	837,400	6	836,100	6	-	-
1600	Property, plant and equipment (note 6 (7))	2,232,271	17	2,120,032	15	2,143,240	19	2570	Deferred tax liabilities	532,257	4	520,289	4	440,579	4
1755	Right-of-use assets (note 6 (8))	321,506	2	344,034	2	75,313	1	2580	Non-current lease liabilities (note 6 (13))	18,317	-	33,187	-	22,477	-
1780	Intangible assets (note 6 (9))	5,208	-	10,779	-	1,664	-	2630	Long-term deferred revenue	98,052	1	110,546	1	102,670	1
1840	Deferred tax assets	205,783	2	115,075	1	222,702	2	2645	Guarantee deposits received	6,279	-	1,118	-	821	-
1915	Prepayments for business facilities	1,387	-	359	-	466	-			2,951,618	22	1,501,240	11	566,547	5
1920	Guarantee deposits paid	12,770	-	12,540	-	10,689	-	2xxx	Total liabilities	7,479,821	55	8,445,656	58	5,790,827	52
		3,245,623	24	3,056,819	21	2,835,618	25								
31xx	Total equity attributable to owners of parent (note 6 (12), (16) and (17)):							3110	Ordinary share	1,074,648	8	1,072,558	7	1,065,248	10
3200	Capital surplus							3200	Capital surplus	2,860,701	21	2,816,502	19	2,756,341	25
3300	Retained earnings:							3300	Retained earnings:						
3310	Legal reserve							3310	Legal reserve	473,243	4	403,331	3	403,331	4
3320	Special reserve							3320	Special reserve	253,000	2	345,229	2	345,229	3
3350	Unappropriated retained earnings							3350	Unappropriated retained earnings	1,818,857	13	1,887,499	13	1,385,762	12
										2,545,100	19	2,636,059	18	2,134,322	19
3400	Other equity interest:							3400	Other equity interest:						
3410	Exchange differences on translation of foreign financial statements							3410	Exchange differences on translation of foreign financial statements	(385,441)	(3)	(253,000)	(2)	(577,018)	(5)
3500	Treasury shares							3500	Treasury shares	(74,605)	-	(74,605)	-	(74,605)	(1)
	Total equity attributable to owners of parent								Total equity attributable to owners of parent	6,020,403	45	6,197,514	42	5,304,288	48
36xx	Non-controlling interests							36xx	Non-controlling interests	41,201	-	40,711	-	13,346	-
3xxx	Total equity							3xxx	Total equity	6,061,604	45	6,238,225	42	5,317,634	48
2-3xxx	Total liabilities and equity							2-3xxx	Total liabilities and equity	\$ 13,541,425	100	14,683,881	100	11,108,461	100
1xxx	Total assets	<u>\$13,541,425</u>	<u>100</u>	<u>14,683,881</u>	<u>100</u>	<u>11,108,461</u>	<u>100</u>								

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Profit or Loss and Other Comprehensive Income

From April 1 to June 30, 2021 and 2020 and from January 1 to June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earning Per Share)

		From April to June 2021		From April to June 2020		From January to June 2021		From January to June 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6 (19) and 7):								
4110	Sales revenue	\$ 1,188,539	100	1,112,449	100	2,262,233	100	2,121,118	100
4190	Loss: Sales discounts and allowances	4,115	-	274	-	4,964	-	3,445	-
	Operating Revenue	<u>1,184,424</u>	<u>100</u>	<u>1,112,175</u>	<u>100</u>	<u>2,257,269</u>	<u>100</u>	<u>2,117,673</u>	<u>100</u>
5000	Operating costs (note 6 (6), (7), (8), (9), (13), (14) and 7)	<u>862,608</u>	<u>73</u>	<u>817,445</u>	<u>73</u>	<u>1,548,728</u>	<u>69</u>	<u>1,563,836</u>	<u>74</u>
5900	Gross profit from operations	<u>321,816</u>	<u>27</u>	<u>294,730</u>	<u>27</u>	<u>708,541</u>	<u>31</u>	<u>553,837</u>	<u>26</u>
6000	Operating expenses (note 6 (4), (7), (8), (9), (13), (14), (17), (20) and 7):								
6100	Selling expenses	8,827	1	6,819	1	18,635	-	14,758	-
6200	Administrative expenses	118,632	10	65,258	7	217,556	10	134,622	6
6300	Research and development expenses	145,882	12	55,589	5	226,137	10	123,907	6
6450	Expected credit loss (gain)	(4,772)	-	3,685	-	(4,772)	-	3,685	-
	Total operating expenses	<u>268,569</u>	<u>23</u>	<u>131,351</u>	<u>13</u>	<u>457,556</u>	<u>20</u>	<u>276,972</u>	<u>12</u>
6900	Net operating profits	<u>53,247</u>	<u>4</u>	<u>163,379</u>	<u>14</u>	<u>250,985</u>	<u>11</u>	<u>276,865</u>	<u>14</u>
7000	Non-operating income and expenses (note 6 (12), (13), (21)):								
7100	Interest revenue	51,593	4	38,884	4	106,184	4	74,455	3
7010	Other income	15,596	1	25,636	2	35,136	2	39,080	2
7020	Other gains and losses	18,049	2	(20,966)	(2)	(3,725)	-	(90,387)	(4)
7050	Finance costs	(17,649)	(1)	(16,346)	(1)	(36,486)	(2)	(33,823)	(2)
	Total non-operating income and expenses	<u>67,589</u>	<u>6</u>	<u>27,208</u>	<u>3</u>	<u>101,109</u>	<u>4</u>	<u>(10,675)</u>	<u>(1)</u>
7900	Profit from continuing operations before tax	<u>120,836</u>	<u>10</u>	<u>190,587</u>	<u>17</u>	<u>352,094</u>	<u>15</u>	<u>266,190</u>	<u>13</u>
7950	Loss: Tax expense (note 6 (15))	<u>1,727</u>	<u>-</u>	<u>45,764</u>	<u>4</u>	<u>4,854</u>	<u>-</u>	<u>74,723</u>	<u>4</u>
8200	Profit	<u>119,109</u>	<u>10</u>	<u>144,823</u>	<u>13</u>	<u>347,240</u>	<u>15</u>	<u>191,467</u>	<u>9</u>
8300	Other comprehensive income:								
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	(92,278)	(8)	(166,611)	(15)	(132,925)	(6)	(232,190)	(11)
8399	Loss: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income, net	<u>(92,278)</u>	<u>(8)</u>	<u>(166,611)</u>	<u>(15)</u>	<u>(132,925)</u>	<u>(6)</u>	<u>(232,190)</u>	<u>(11)</u>
8500	Total comprehensive income (loss)	<u>\$ 26,831</u>	<u>2</u>	<u>(21,788)</u>	<u>(2)</u>	<u>214,315</u>	<u>9</u>	<u>(40,723)</u>	<u>(2)</u>
	Profit, attributable to:								
8610	Owners of parent	\$ 117,596	10	149,332	13	347,938	15	197,383	9
8620	Non-controlling interests	1,513	-	(4,509)	-	(698)	-	(5,916)	-
		<u>\$ 119,109</u>	<u>10</u>	<u>144,823</u>	<u>13</u>	<u>347,240</u>	<u>15</u>	<u>191,467</u>	<u>9</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 26,012	2	(17,001)	(2)	215,497	9	(34,405)	(2)
8720	Non-controlling interests	819	-	(4,787)	-	(1,182)	-	(6,318)	-
		<u>\$ 26,831</u>	<u>2</u>	<u>(21,788)</u>	<u>(2)</u>	<u>214,315</u>	<u>9</u>	<u>(40,723)</u>	<u>(2)</u>
	Basic earnings per share (expressed in New Taiwan Dollars) (note 6 (18))								
9750	Basic earnings per share	<u>\$ 1.10</u>		<u>1.42</u>		<u>3.26</u>		<u>1.88</u>	
9850	Diluted earnings per share	<u>\$ 1.08</u>		<u>1.30</u>		<u>3.13</u>		<u>1.87</u>	

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

January 1 to June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings						Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
Balance as of January 1, 2020	\$ 1,065,248	2,753,167	339,499	-	1,985,081	2,324,580	(345,230)	(149,649)	5,648,116	19,664	5,667,780
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	63,832	-	(63,832)	-	-	-	-	-	-
Special reserve	-	-	-	345,229	(345,229)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(387,641)	(387,641)	-	-	(387,641)	-	(387,641)
Profit	-	-	-	-	197,383	197,383	-	-	197,383	(5,916)	191,467
Other comprehensive income (loss)	-	-	-	-	-	-	(231,788)	-	(231,788)	(402)	(232,190)
Total comprehensive income (loss)	-	-	-	-	197,383	197,383	(231,788)	-	(34,405)	(6,318)	(40,723)
Proceeds from sale of treasury shares	-	-	-	-	-	-	-	75,044	75,044	-	75,044
Share-based payment transactions	-	3,174	-	-	-	-	-	-	3,174	-	3,174
Balance as of June 30, 2020	\$ 1,065,248	2,756,341	403,331	345,229	1,385,762	2,134,322	(577,018)	(74,605)	5,304,288	13,346	5,317,634
Balance as of January 1, 2021	\$ 1,072,558	2,816,502	403,331	345,229	1,887,499	2,636,059	(253,000)	(74,605)	6,197,514	40,711	6,238,225
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	69,912	-	(69,912)	-	-	-	-	-	-
Special reserve	-	-	-	(92,229)	92,229	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(440,212)	(440,212)	-	-	(440,212)	-	(440,212)
Profit	-	-	-	-	347,938	347,938	-	-	347,938	(698)	347,240
Other comprehensive income (loss)	-	-	-	-	-	-	(132,441)	-	(132,441)	(484)	(132,925)
Total comprehensive income (loss)	-	-	-	-	347,938	347,938	(132,441)	-	215,497	(1,182)	214,315
Shares issued due to stock option executed	2,090	17,201	-	-	-	-	-	-	19,291	-	19,291
Changes in ownership interests in subsidiaries	-	-	-	-	1,315	1,315	-	-	1,315	(1,315)	-
Share-based payment transactions	-	26,998	-	-	-	-	-	-	26,998	-	26,998
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	2,987	2,987
Balance as of June 30, 2021	\$ 1,074,648	2,860,701	473,243	253,000	1,818,857	2,545,100	(385,441)	(74,605)	6,020,403	41,201	6,061,604

See accompanying notes to consolidated financial statements

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

SHUNSIN TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

January 1 to June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	From January to June, 2021	From January to June, 2020
Cash flows from operating activities:		
Profit before tax	\$ 352,094	266,190
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	285,575	239,963
Amortization expense	5,803	1,197
Expected credit loss (gain)	(4,772)	3,685
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(14,739)	88,316
Interest expense	36,486	33,823
Interest income	(106,184)	(74,455)
Share-based payments	26,998	3,174
Property, plant and equipment transferred to expenses	230	246
Gain on disposal and scrapping of property, plant and equipment	(121)	(3,002)
Rent concessions (recognized as other income)	-	(1,719)
Total adjustments to reconcile profit (loss)	229,276	291,228
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(26,101)	65,258
Notes receivable	-	710
Accounts receivable	14,585	77,092
Accounts receivable—related parties	308,277	256,128
Other receivables	(39,766)	116,178
Inventories	(189,385)	29,909
Prepayments	(173,449)	(132,899)
Other current assets	(1,075)	5,633
Total changes in operating assets	(106,914)	418,009
Changes in operating liabilities:		
Accounts payable	177,562	(34,039)
Accounts payable—related parties	20,531	193
Other payable	(39,526)	(52,228)
Other payable—related parties	(10,728)	(13,665)
Other current liabilities	77,123	14,793
Long-term deferred income	(12,494)	8,580
Total changes in operating liabilities	212,468	(76,366)
Total changes in operating assets and liabilities	105,554	341,643
Total adjustments	334,830	632,871
Cash inflow generated from operations	686,924	899,061
Interest received	110,504	74,336
Interest paid	(20,939)	(19,747)
Income taxes paid	(29,751)	(12,726)
Net cash flows from (used in) operating activities	746,738	940,924
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized costs	(52,530)	-
Acquisition of property, plant and equipment	(359,106)	(117,798)
Proceeds from disposal of property, plant and equipment	132	3,338
Decrease (Increase) in guarantee deposits paid	(230)	119
Acquisition of intangible assets	(308)	-
Increase in prepayments for business facilities	(1,028)	(324)
Net cash flows from (used in) investing activities	(413,070)	(114,665)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,280,558	3,364,960
Decrease in short-term loans	(5,008,483)	(3,710,575)
Increase (Decrease) in guarantee deposits received	5,880	(595)
Payments of lease liabilities	(16,817)	(10,240)
Shares issued due to stock option executed	19,291	-
Proceeds from sale of treasury shares	-	75,044
Changes in non-controlling interests	2,987	-
Net cash flows from (used in) financing activities	(1,716,584)	(281,406)
Effect of exchange rate changes on cash and cash equivalents	(83,497)	(167,266)
Net (decrease) increase in cash and cash equivalents	(1,466,413)	377,587
Cash and cash equivalents at beginning of period	9,943,380	6,386,315
Cash and cash equivalents at end of period	\$ 8,476,967	6,763,902

See accompanying notes to consolidated financial statements.

Chairman: Hsu, Wen-Yi

Manager: Hsu, Wen-Yi

General Accountant: Wang, Chieh-Min

ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements
For the second quarter of 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History of the Company

ShunSin Technology Holdings Limited (formerly known as Amtec Holdings Limited, hereinafter referred to as “the Company”) was established in the Cayman Islands on January 8, 2008, and set up a branch in Taiwan on July 4, 2013. On Approval dates August 28, 2013, the Company changed the Chinese name of Amtec Holding Limited to ShunSin Technology Holdings Limited through the Board of Directors resolution. The Company’s stock was listed on the Taiwan Stock Exchange on January 26, 2015. The Company and its subsidiaries (hereinafter referred to as “the Group”) are mainly engaged in the assembly, testing and sales of various integrated circuits related to semiconductors.

2. Approval dates and procedures of consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on August 26, 2021.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group’s adoption of the newly revised International Financial Reporting Standards from January 1, 2021, and it does not cause significant impact on consolidated financial report.

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group’s adoption of the newly revised International Financial Reporting Standards from April 1, 2021, and it does not cause significant impact on consolidated financial report.

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions After June 30, 2021”

- (2) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(3) The impact of IFRS issued by IASB but not yet endorsed by FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New or Amended Standards	Main revision contents	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	2023/1/1
Amendments to IAS 1 “Disclosure of Accounting Policies”	<p>The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. 	2023/1/1
Amendments to IAS 8 “Definition of Accounting Estimates”	<p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the target set out based on accounting policies.</p>	2023/1/1

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

The Group is evaluating the impact of its initial adoption of the above mentioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “sale or contribution of Assets Between an Investor and Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

4. Summary of Major Accounting Policies

The major accounting policies adopted in this consolidated financial report are the same as those in 2020, except for the following. Please refer to the note 4 in consolidated financial report of 2020 for relative information.

(1) Statement on compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Guidelines” and the International Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation Bulletin (hereinafter referred to as the “International Financial Reporting Standards Accredited by the Financial Supervisory Commission”).

(2) The basis of consolidation

The principles for preparing consolidated financial report are consistent with those in 2020, please refer to note 4 (3) in consolidated financial report of 2020 for relative information.

Subsidiaries included in consolidated financial reports:

Investor	Name of subsidiary	Primary Business	Shareholding Ratio		
			2021.6.30	2020.12.31	2020.6.30
The Company	ShunSin Technology Holdings Limited (Hong Kong) (hereinafter referred to ShunSin (Hong Kong))	Holding Company	91.03% (Note 1)	90.15%	90.15%
The Company	ShunSin Technology (Samoa) Corporation Limited (hereinafter referred to as ShunSin (Samoa))	Overseas material and equipment purchasing	100.00%	100.00%	100.00%
The Company	ShunYun Technology (Ha Noi, Vietnam) Limited (hereinafter referred to as ShunYun (Ha Noi)) (Note 2)	Optical transceivers manufacturing	100.00%	100.00%	100.00%

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

The Company	ShunSin Technology (Bac Giang, Vietnam) Limited (hereinafter referred to as ShunSin (Bac Giang))	Optical transceivers manufacturing	100.00%	100.00%	- %
The Company	ShunYun Technology Holdings Limited (hereinafter referred to as ShunYun (Cayman))	Holding Company	100.00% (Note 3)	100.00% (Note 3)	- %
ShunSin (Samoa)	ShunSin (Hong Kong)	Holding Company	8.97% (Note 1)	9.85%	9.85%
ShunSin (Hong Kong)	ShunSin Technology (Zhongshan) Limited (hereinafter referred to as ShunSin (Zhongshan))	Assembly, testing and sales of high-speed optical transceiver module, high-frequency wireless communication module and various integrated circuits	100.00%	100.00%	100.00%
ShunSin (Hong Kong)	ShunYun Technology (Zhongshan) Limited (hereinafter referred to as ShunYun (Zhongshan))	Optical transceivers manufacturing	100.00%	100.00%	- %
ShunSin (Zhongshan)	Talentek Microelectronics (Hefei) Limited (hereinafter referred to as Talentek (Hefei))	Design, R&D, measurement and sales of electrical equipment, communication equipment and automation equipment	65.68% (Note 4)	66.25%	55.00%

Note 1: The company increased its capital in ShunSin (Hong Kong) by US\$9,500 thousand on January 25, 2021, resulting in the company's shareholding ratio in ShunSin (Hong Kong) from 90.15% to 91.03%, while the shareholding ratio of ShunSin (Samoa) to ShunSin (Hong Kong) decreased from 9.85% to 8.97%.

Note 2: ShunSin Technology (Ha Noi, Vietnam) Limited was renamed as ShunYun Technology (Ha Noi, Vietnam) Limited on February 1, 2021, and the statutory change procedures have been completed.

Note 3: ShunYun (Cayman) was registered on July 13, 2020 in Cayman Islands. The authorized capital is US\$ 40,000 thousand. The Company has invested total US\$ 8,430 thousand as of August 26, 2021, and the shareholding ratio is 100%.

Note 4: Talentek (Hefei) was approved by shareholders' meeting on June 25, 2021 to increase its capital by RMB 12,000 thousand in cash. The expected shareholding ratio of ShunSin (Zhongshan) will be 44.44% after increasing capital. The actual shareholding ratio is 65.68% according to invested capital, because several shareholders have not invested funds yet as of June 30, 2021.

Note 5: ShunYun (Zhongshan) was approved by Board of Directors on July 30, 2021 to set up its subsidiary, ShunYun Technology (Hong Kong) Holdings Limited (hereinafter referred as ShunYun (Hong Kong) in Hong Kong, on July 7, 2021. The authorized capital is US\$ 10,000 thousand. The expected shareholding ratio of ShunYun (Zhongshan) is 100%, but it has not invested funds yet as of August 26, 2021.

Subsidiaries not included in the consolidated financial report: None.

ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

(3) Income tax

The Group measured and disclose midterm income tax expense in accordance with the Guidelines and section B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense are recognized as current tax expense and defer tax expense under the calculation with the interim reported income before tax times the best estimation of effective tax rate from the management.

Income tax which are recognized in equity or other comprehensive income are measured with applicable tax rate base on the temporary difference between booking amount and taxable basis when expected to be realized or paid off.

5. Major Sources of Uncertainty in Accounting Judgments, Estimates and Assumptions

While preparing consolidated financial report based on the Guidelines and IAS 34 “Interim Financial Reporting”, the management has to make judgements, estimations, and assumptions, and those would affect reported assets, liabilities, revenues, and expenses under adopted accounting policy. Actual consequence may differ from those estimated.

Major sources of uncertainty in accounting judgments, estimates and assumptions are consistent with note 5 in the consolidated financial report of 2020 while preparing.

6. Description of important accounting items

There is no material difference the description of material accounting subjects in the consolidated financial report with those in the 2020. Please refer to note 6 of the consolidated financial report in 2020 for relative information.

(1) Cash and cash equivalents

	<u>2021.6.30</u>	<u>2020.12.31</u>	<u>2020.6.30</u>
Cash on hand	\$ 33	-	-
Current deposit	1,130,811	7,477,843	4,414,233
Times deposit	<u>7,346,123</u>	<u>2,465,537</u>	<u>2,349,669</u>
Cash and cash equivalents as shown in the consolidated cash flow statement	<u><u>\$ 8,476,967</u></u>	<u><u>9,943,380</u></u>	<u><u>6,763,902</u></u>

For the disclosure of interest rate risk and sensitivity analysis of the Group’s financial assets, please refer to note 6 (22) for details.

ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

(2) Financial assets (liabilities) at fair value through profit or loss

A. Current

	<u>2021.6.30</u>	<u>2020.12.31</u>	<u>2020.6.30</u>
Financial assets (liabilities) designated at fair value through profit and loss:			
Derivative financial assets (liabilities)			
Right to redeem and sell back bonds	\$ -	2,550	(2,250)
Financial assets (liabilities) held for trading:			
Non hedging derivatives			
Forward foreign exchange contract	(2,200)	11,057	-
	<u>\$ (2,200)</u>	<u>13,607</u>	<u>(2,250)</u>

The Group engages in derivative financial commodity transactions to avoid exchange rate risks exposed by business activities. The details of the Group's derivative instruments reported as financial assets measured at fair value through profit or loss due to the absence of hedge accounting on June 30, 2021, December 31, 2020 and June 30, 2020 are as follows:
Forward foreign exchange contract:

<u>2021.6.30</u>				
	<u>Contract amount</u>	<u>Currency</u>	<u>Period</u>	<u>Fair value asset (Liability)</u>
Sell forward foreign exchange	USD 12,500	USD to RMB	110.8.25~110.9.3	<u>\$ (2,200)</u>

<u>2020.12.31</u>				
	<u>Contract amount</u>	<u>Currency</u>	<u>Period</u>	<u>Fair value asset (Liability)</u>
Sell forward foreign exchange	USD 15,000	USD to RMB	110.1.28~110.3.2	<u>\$ 11,057</u>

B. Non-current

	<u>2021.6.30</u>	<u>2020.12.31</u>	<u>2020.6.30</u>
Financial assets designated at fair value through profit and loss:			
Derivative financial assets			
Right to redeem and sell back bonds	\$ 450	-	-
Non-derivative financial assets			
Stocks of foreign unlisted companies	110,688	65,472	-
Private fund	347,560	380,528	381,544
	<u>\$ 458,698</u>	<u>446,000</u>	<u>381,544</u>

Please refer to note 6 (21) for the amount recognized as profit or loss in the fair value re-

ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

measurement.

(3) Financial assets at amortized costs

A. Current

	2021.6.30	2020.12.31	2020.6.30
Restricted bank deposit	\$ 51,752	-	-

ShunYun (Zhongshan), a subsidiary of the Group, applied to the customs for the qualification of import and export goods, guaranteed by ShunSin (Zhongshan) with customs deposit amounting to RMB 12,000 thousand (NTD 51,752 thousand).

B. Non-current

	110.6.30	109.12.31	109.6.30
Restricted bank deposit	\$ 8,000	8,000	-

The Group started to use long-term loans in October, 2020. According to the contract, the amount of 8,000 thousand was deposited into the joint loan interest custody account.

The Group recognized as financial assets measured at amortized cost, whose intension is to hold the asset to maturity to collect contractual cash flow which is solely payment of principal and interest on the principal amount outstanding.

Please refer to note 8 for the details of customs deposit and collateral for long-term loans as of June 30, 2021 and December 31, 2020.

(4) Notes receivable and accounts receivable:

	2021.6.30	2020.12.31	2020.6.30
Accounts receivable	\$ 393,694	408,279	467,163
Accounts receivable-related party	393,474	701,751	315,364
Less: loss allowance	(9,619)	(14,246)	(13,641)
	\$ 777,549	1,095,784	768,886

Notes receivable and accounts receivable of the Group are not discounted or provided as collateral.

The Group uses the simplified method of estimating the anticipated credit loss for all notes receivable and accounts receivable, that is to say, the Group estimates anticipated credit losses based on the duration of those. In order to measure the abovementioned, the Group categorized its clients based on common credit risk about the ability to pay off the due amount, considered foresighted information which includes information on the overall economy and related industries.

The anticipated credit loss of notes receivable and accounts receivable of the Group on June 30, 2021, December 31, 2020 and June 30, 2020, are analyzed as follows:

ShunSin Technology Holdings Limited and Its Subsidiaries
Notes to Consolidated Financial Statements

	2021.6.30		
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 737,958	-	-
Past due 1-30 days	38,916	-	-
Past due 61-90 days	<u>675</u>	-	<u>-</u>
	<u>\$ 777,549</u>		<u>-</u>

The Group has recognized whole amount of \$9,619 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

	2020.12.31		
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 1,031,592	-	-
Past due 1-30 days	62,861	-	-
Past due 31-60 days	1,320	-	-
Past due 61-90 days	10	-	-
Past due 91-120 days	<u>1</u>	-	<u>-</u>
	<u>\$ 1,095,784</u>		<u>-</u>

The Group has recognized whole amount of \$14,246 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

	2020.6.30		
	Book value of notes receivable and accounts receivable	Weighted average anticipated credit loss rate (%)	Provision against anticipated credit losses during the continuance of existence
Not overdue	\$ 727,603	-	-
Past due 1-30 days	41,150	-	-
Past due 31-60 days	<u>133</u>	-	<u>-</u>
	<u>\$ 768,886</u>		<u>-</u>

The Group has recognized whole amount of \$13,641 thousand toward the accounts receivable with evidence showing that it cannot reasonably be expected to be recovered.

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

The Group's statement of allowance of uncollectible notes receivable and accounts receivable is as follows:

	From January to June 2021	From January to June 2020
Opening balance	\$ 14,246	13,802
Reversal of expected credit loss	(4,772)	-
Exchange gain (loss)	145	(161)
Ending balance	<u>\$ 9,619</u>	<u>13,641</u>

Financial assets aforementioned are not used as guarantees for short-term loans and line of credit.

(5) Other receivables

	2021.6.30	2020.12.31	2020.6.30
Other receivables	<u>\$ 46,391</u>	<u>10,945</u>	<u>7,954</u>

Other receivables of the Group were not overdue on June 30, 2021, December 31, 2020 and June 30, 2020.

(6) Inventories

	2021.6.30	2020.12.31	2020.6.30
Raw materials	\$ 486,410	292,040	268,897
Work-in-process	15,051	12,389	16,071
Finished products (including semi-finished products)	13,120	20,767	19,184
	<u>\$ 514,581</u>	<u>325,196</u>	<u>304,152</u>

Operating costs recognized by the Group:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Cost of selling inventories	\$ 864,128	814,052	1,535,663	1,555,497
(Reverse) Loss allowance for inventory valuation losses and slow-moving inventories	(1,520)	3,819	14,959	11,079
Revenue from sale of scraps	-	(426)	(1,894)	(2,740)
	<u>\$ 862,608</u>	<u>817,445</u>	<u>1,548,728</u>	<u>1,563,836</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, the inventory of the Group has not been provided as a pledge guarantee.

(7) Property, plant and equipment

The changes in the costs, depreciation and impairment losses of the real estate, plant and

ShunSin Technology Holdings Limited and Its Subsidiaries

Notes to Consolidated Financial Statements

equipment of the Group from January 1 to June 30, 2021 and 2020 are as follows:

		Housing and building	Machiner y and equipment	Office equipment (including computer communic ation equipment)	Inspection equipment	Other equipment	Lease improvem ent	Unfinishe d constructi on and equipment to be inspected	Total
Cost:									
Balance as of January 1, 2021	\$	489,937	2,664,726	68,702	943,932	435,249	46,989	727,759	5,377,294
Acquisition		91,790	119,851	9,473	82,142	18,011	86	84,953	406,306
Disposal		-	(17,943)	(300)	(415)	(168)	-	-	(18,826)
Re-classification(Note)		684,295	40,726	7,061	325	282	-	(732,919)	(230)
Exchange rate changes		(17,365)	(31,879)	(7,854)	(7,936)	(10,476)	(563)	1,050	(75,023)
Balance as of June 30, 2021	\$	1,248,657	2,775,481	77,082	1,018,048	442,898	46,512	80,843	5,689,521
Balance as of January 1, 2020	\$	482,658	2,716,649	64,547	999,550	349,634	46,118	641,337	5,300,493
Acquisition		-	54,563	32	15,284	1,834	-	82,098	153,811
Disposal		-	(45,958)	(118)	(10,906)	(5,128)	-	-	(62,110)
Re-classification(Note)		-	9,137	-	1,269	14,319	-	(5,778)	18,947
Exchange rate changes		(12,869)	(71,264)	(1,681)	(26,212)	(9,327)	(1,204)	(17,630)	(140,187)
Balance as of June 30, 2020	\$	469,789	2,663,127	62,780	978,985	351,332	44,914	700,027	5,270,954
Accumulated depreciation and impairment losses:									
Balance as of January 1, 2021	\$	233,636	1,987,704	62,131	674,620	283,262	15,909	-	3,257,262
Depreciation		22,337	123,279	2,940	73,455	39,624	2,518	-	264,153
Disposal		-	(17,943)	(300)	(404)	(168)	-	-	(18,815)
Exchange rate changes		(3,012)	(21,498)	(561)	(12,539)	(7,525)	(215)	-	(45,350)
Balance as of June 30, 2021	\$	252,961	2,071,542	64,210	735,132	315,193	18,212	-	3,457,250
Balance as of January 1, 2020	\$	203,563	1,922,956	54,049	616,868	236,874	10,732	-	3,045,042
Depreciation		13,132	118,014	3,826	70,843	18,808	2,447	-	227,070
Disposal		-	(45,622)	(118)	(10,906)	(5,128)	-	-	(61,774)
Exchange rate changes		(5,563)	(51,574)	(1,479)	(17,239)	(6,442)	(327)	-	(82,624)
Balance as of June 30, 2020	\$	211,132	1,943,774	56,278	659,566	244,112	12,852	-	3,127,714
Carrying amount::									
Balance as of January 1, 2021		256,301	677,022	6,571	269,312	151,987	31,080	727,759	2,120,032
Balance as of June 30, 2021	\$	995,696	703,939	12,872	282,916	127,705	28,300	80,843	2,232,271
Balance as of June 30, 2020	\$	258,657	719,353	6,502	319,419	107,220	32,062	700,027	2,143,240

Note: from Jan 1 to June 30, 2021 and 2020, the amounts of reclassifying into expenses are \$230 thousand and \$246 thousand.

(8) Right-of-use asset

The cost and depreciation of the Group's leased land, building and transportation equipment, etc., and its changes are as follows:

		Land	Building	Vehicle	Total
Cost:					
Balance as of January 1, 2021	\$	282,271	92,396	7,049	381,716
Acquisition		-	3,906	2,290	6,196
Decrease (contract expired)		-	-	(1,493)	(1,493)
Exchange rate changes		(5,819)	(2,246)	(97)	(8,162)
Balance as of June 30, 2021	\$	276,452	94,056	7,749	378,257
Balance as of January 1, 2020	\$	39,253	54,982	5,595	99,830
Acquisition		-	690	-	690

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Exchange rate changes		(1,025)	(2,084)	(146)	(3,255)
Balance as of June 30, 2020	\$	38,228	53,588	5,449	97,265
Accumulated depreciation of right-of-use assets:					
Balance as of January 1, 2021	\$	3,942	30,694	3,046	37,682
Depreciation		4,118	15,904	1,400	21,422
Decrease (contract expired)		-	-	(1,493)	(1,493)
Exchange rate changes		(102)	(730)	(28)	(860)
Balance as of June 30, 2021	\$	7,958	45,868	2,925	56,751
Balance as of January 1, 2020	\$	1,372	5,405	2,724	9,501
Depreciation		681	10,860	1,352	12,893
Exchange rate changes		(49)	(297)	(96)	(442)
Balance as of June 30, 2020	\$	2,004	15,968	3,980	21,952
Carrying amount:					
Balance as of January 1, 2021	\$	278,329	61,702	4,003	344,034
Balance as of June 30, 2021	\$	268,494	48,188	4,824	321,506
Balance as of June 30, 2020	\$	36,224	37,620	1,469	75,313

(9) Intangible assets

The cost, amortization and impairment losses of the Group' intangible assets from January 1 to June 30, 2021 and 2020 are as follows:

	Cost of computer software
Cost:	
Balance as of January 1, 2021	\$ 30,354
Acquisition	308
Impact of exchange rate changes	(367)
Balance as of June 30, 2021	\$ 30,295
Balance as of January 1, 2020	\$ 20,061
Impact of exchange rate changes	(524)
Balance as of June 30, 2020	\$ 19,537
Amortization and impairment losses:	
Balance as of January 1, 2021	\$ 19,575
Amortization	5,803
Impact of exchange rate changes	(291)
Balance as of June 30, 2021	\$ 25,087

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Balance as of January 1, 2020	\$	17,146
Amortization		1,197
Impact of exchange rate changes		(470)
Balance as of June 30, 2020	<u>\$</u>	<u>17,873</u>
Carrying amount:		
Balance as of January 1, 2021	<u>\$</u>	<u>10,779</u>
Balance as of June 30, 2021	<u>\$</u>	<u>5,208</u>
Balance as of June 30, 2020	<u>\$</u>	<u>1,664</u>

The amortization expenses of intangible assets are reported under the consolidated income statement as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Operating costs	\$ 2,681	127	5,389	268
Operating expenses	199	437	414	929
	<u>\$ 2,880</u>	<u>564</u>	<u>5,803</u>	<u>1,197</u>

(10) Short-term loans

The details of the short-term loans of the Group are as follows:

	2021.6.30	2020.12.31	2020.6.30
Unsecured bank loans	<u>\$ 2,785,958</u>	<u>4,513,883</u>	<u>2,676,614</u>
Line of credit	<u>\$ 4,254,746</u>	<u>2,617,649</u>	<u>3,541,496</u>
Interest rate range (%)	<u>0.72~0.84</u>	<u>0.72~1.3</u>	<u>0.80~3.80</u>

The Group did not set up assets as collateral for bank loan guarantee.

(11) Long-term loans

The details of the long-term loans of the Group are as follows:

	2021.6.30	2020.12.31	2020.6.30
Bank loans	\$ 840,000	840,000	-
Less: deferred financing fee	(2,600)	(3,900)	-
Part due within one year	-	-	-
Total	<u>\$ 837,400</u>	<u>836,100</u>	<u>-</u>
Line of credit	<u>\$ 3,060,000</u>	<u>3,060,000</u>	<u>-</u>
Interest rate range (%)	<u>1.85</u>	<u>1.85</u>	
Maturity range	<u>111.12.26</u>	<u>111.12.26</u>	

The Group started to use long-term loans in October 2020. According to the contract, the

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amount deposited into the joint loan interest custody account is 8,000 thousand. Please refer to note 8 for more information on the collateral loans. And please refer to note 6 (11) in the consolidated financial report of 2020 for relative information.

In accordance with the provisions of the loan contract, the Group shall pay off the principal on the 36th month from the first use date, and shall repay the balance of the principal in five instalments every six months thereafter. Both the amount of long-term loans due within one year of the Group as of June 30, 2021 and December 31, 2020 is 0 thousand.

(12) Convertible bonds payable

	2021.6.30	2020.12.31	2020.6.30
The total amount of convertible bonds issued	\$ 1,500,000	1,500,000	1,500,000
Less: amount of discount on issuing convertible bonds	142,650	142,650	142,650
Underwriting expenses	7,294	7,294	7,294
Compound present value of bonds converted at issuance	1,350,056	1,350,056	1,350,056
Amortization of Company debt payable at discount	101,757	86,400	71,205
Cost of convertible bonds issue at premium	7,500	7,500	7,500
Ending balance of convertible bonds payable	<u>\$ 1,459,313</u>	<u>1,443,956</u>	<u>1,428,761</u>

During January 1 to June 30, 2021 and 2020, the Group did not issue, repurchase, or pay off the bonds, please refer to note 6 (12) in the consolidated financial report of 2020 for relative information.

A. Financial assets (liabilities) at fair value through profit or loss-non-current, the details are as follows:

	2021.6.30	2020.12.31	2020.6.30
Initial balance of embedded derivative financial commodity (put and call)	\$ 2,550	2,250	2,250
Valuation gains (losses) in the current period	(2,100)	300	(4,500)
	<u>\$ 450</u>	<u>2,550</u>	<u>(2,250)</u>

B. Equity composition item under capital surplus-stock option, the details are as follows:

	From January to June 2021	From January to June 2020
Closing balance (Initial balance)	<u>\$ 129,000</u>	<u>129,000</u>

Based on conservative principle, the Group reclassified the bonds payable and financial liabilities at fair value through profit or loss to current liabilities as of first quarter of 2020 because the holder of bonds payable may require the Group to buy back the bonds at agreed price after 3 years from the bonds' issue date (February 12, 2021 is the selling base day of

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bonds holders), nevertheless, the bonds payable is not necessarily required to fully paid off in one year. Due to put right has expired, the expiration dates of First unsecured convertible bonds, which are February 12, 2023 and January 3, 2023, respectively. The Group reclassified the convertible bonds and current financial assets at fair value through profit or loss as non-current items.

(13) Lease Liability

The Group's booking value of lease liabilities are as follows:

	2021.6.30	2020.12.31	2020.6.30
Current	\$ 35,009	32,598	16,070
Non-current	18,317	33,187	22,477
Total	\$ 53,326	65,785	38,547

Please refer to note 6 (22) for analysis of expiration.

Amounts recognized in profit or loss are as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Interest expense from lease liabilities	\$ 417	266	900	592
Expense of short-term lease	\$ 25,786	4,224	48,600	11,650
Expense of low-value leasing asset (not include low-value short-term lease)	\$ 9	9	17	12
Covid-19-Related Rent Concessions (recognized as other income)	\$ -	-	-	1,719

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Amounts recognized in cash flow statement are as follows:

	From January to June 2021	From January to June 2020
Total cash used in operating activity	\$ 49,517	12,254
Total cash used in financing activity	16,817	10,240
Total cash used in lease	\$ 66,334	22,494

A. Lease of land, buildings and constructions

The Group leases land, houses and buildings as operating site and factory. The leasing periods of land is usually 30 to 50 years, the leasing periods of buildings and constructions are usually 2 to 3 years, and some leases include the option to extend the same period as the original contract when the lease period expires.

B. Other leases

The Group leases transportation equipment for a period of 3 to 4 years.

Besides, the rental periods of office, parking lot, staff dorm, and machinery are 1 to 3 years, which are short term or low value lease, the Group chose to apply exemption recognition requirements instead of recognizing its relative right-of-use assets and lease liabilities.

(14) Employee benefit

The pension expenses of the Group from January 1 to June 30, 2021 and 2020 have been allocated to the labor insurance bureau and the local competent authority of the consolidated foreign subsidiaries. The details of the expenses reported by the Group are as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Operating costs	\$ 9,360	4,550	19,094	10,044
Operating expenses	4,778	2,048	9,313	4,734
	\$ 14,138	6,598	28,407	14,778

(15) Income tax

A. The income tax expense (benefit) details of the Group from January 1 to June 30, 2021 and 2020 are as follows:

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	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Current				
Current period	\$ 53,617	402	83,731	4,469
Adjustment of previous period	(3,270)	-	(3,292)	-
	<u>50,347</u>	<u>402</u>	<u>80,439</u>	<u>4,469</u>
Deferred income tax expenses				
Occurrence and reversal of temporary differences	(48,620)	45,362	(75,585)	70,254
Income tax expense	<u>\$ 1,727</u>	<u>45,764</u>	<u>4,854</u>	<u>74,723</u>

B. Examination and approval of income tax

The Company are exempt from income tax and do not need to declare profit-making enterprise income tax according to the law of the country where the Company is established.

The income tax return of the Company's Taiwan Branch has been approved by the taxation authorities through 2018.

(16) Capital and other equities

The Group has no significant changes in capital and other equity in the period of January 1 to June 30 for 2021 and 2020, except for the following. Please refer to note 6 (16) in the consolidated financial report of 2020 for relative information.

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Company issued shares worth \$1,074,648 thousand, \$1,072,558 thousand and \$1,065,248 thousand with par value of \$10 for 107,465, 107,256 and 106,525 thousand ordinary shares respectively, and all outstanding shares were collected.

A. Capital surplus

The capital surplus balance of the Company is as follows:

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	<u>2021.6.30</u>	<u>2020.12.31</u>	<u>2020.6.30</u>
Share premium	\$ 2,689,050	2,665,140	2,581,150
Employee stock option	26,998	11,550	46,191
Employee stock option-expired	4,841	-	-
Treasury share transactions	10,812	10,812	-
Issuance of stock option embedded in convertible bonds	129,000	129,000	129,000
	<u><u>\$ 2,860,701</u></u>	<u><u>2,816,502</u></u>	<u><u>2,756,341</u></u>

B. Retained earnings distribution

The Company's earnings distribution for 2020 and 2019 were decided by the shareholders' meeting on May 13, 2021 and March 25, 2020 respectively. The dividend distribution are as follows:

	<u>2020</u>	<u>2019</u>
Cash dividends	<u><u>\$ 440,212</u></u>	<u><u>387,641</u></u>

As of June 30, 2021 and 2020, the cash dividend amounting to \$440,212 thousand and \$387,641 thousands of retained earnings distribution approved by Board of Directors is listed in the account of dividend payable.

The Company postponed the shareholders' meeting to August 11, 2021 in response to FSC's announcement: "For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings". In the appropriation of 2020 earnings, dividend distribution was handled based on the resolution of Board of Directors. The voting result by way of electronic transmission regarding recognizing legal reserve and special reserve reached the legal resolution threshold, thus the Company recognized relative amount on June 30, 2021.

Information for retained earnings distribution approved by Board of Directors of 2021 and 2020, respectively could be inquired on Market Observation Post System.

C. Treasury Stock

The Company was approved by Board of Directors on January 8, 2019 to repurchase 2,858 thousand shares as treasury stock in order to transfer them to employee. The aforementioned 2,858 thousand shares had been repurchased with the average price \$85.18 per share, and total repurchasing amount is \$243,432 thousand. As of June 30, 2021 and 2020, the transferred shares are 1,982 thousand shares and the amount of repurchased

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shares is \$74,605 thousand.

Board of Directors of the Group approved to transfer remaining 876 thousand shares on April 16, 2021. Employees' payment deadline is on June 18, 2021. Money received amounting to \$ 74,605 is recognized in other current liabilities – other and the treasury stock has been transferred to employees.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(17) Share-based payment

The share-based payment of the Group from January 1 to June 30, 2021 has no significant changes except for the following mentioned. Please refer to the note 6 (17) in the consolidated financial report of 2020 for relative information.

A. The information about employee stock options is as follows:

	Unit: 1,000			
	From January to June 2021		From January to June 2020	
	Weighted average performanc e price	Number of option	Weighted average performanc e price	Number of option
Outstanding stock as of January 1	\$ 92.30	226	95.62	1,064
Grant quantity in current period	-	-	-	-
Quantity lost in current period	-	-	-	(80)
Quantity executed in current period	-	(209)	-	-
Overdue expiration of the current period	-	(17)	-	-
Outstanding stock as of June 30	-	<u>-</u>	95.62	<u>984</u>
Executable as of June 30	-	<u>-</u>	95.62	<u>984</u>

The aforementioned employee stock option plan expired on January 17, 2021.

B. Relative information of Policy Governing First Share Repurchased and Transferred to Employees are as follows:

The share-based payment of the Group from January 1 to June 30, 2021 and 2020 has no significant changes except for the following mentioned. Please refer to the note 6 (17) in the consolidated financial report of 2020 for relative information.

The Company transferred treasury stock to employees in accordance with the approval by Board of Directors on April 16, 2021 and March 25, 2020 which is based on the Policy

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Governing First Share Repurchased and Transferred to Employees. The transferring price is actual average repurchased price, amounting to 85.18 per share. The fair value of the subscription is \$30.82 and \$0 per share while the stock price on April 16, 2021 and March 25, 2020, which are also subscription dates, are \$116 and \$84.30 per share. As of June 30, 2021, 1,982 thousand shares were transferred and the Company has collected all the receivables of shares.

C. Expenses for employees

The expenses incurred by the Group from January 1 to June 30, 2021 and 2020 due to the share-based payment are as follows:

	From January to June 2021	From January to June 2020
Expense from employee stock option	\$ -	3,174
Expense from treasury stock	26,998	-
Total	<u><u>\$ 26,998</u></u>	<u><u>3,174</u></u>

(18) Earnings per share

The Company's basic earnings per share are calculated as follows:

				Unit: 1,000
	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Basic earnings per share of the Company				
Net profit for the current period	<u><u>\$ 117,596</u></u>	<u><u>149,332</u></u>	<u><u>347,938</u></u>	<u><u>197,383</u></u>
Weighted average number of outstanding shares	<u><u>106,589</u></u>	<u><u>104,836</u></u>	<u><u>106,575</u></u>	<u><u>104,802</u></u>
Basic earnings per share (NT\$)	<u><u>\$ 1.10</u></u>	<u><u>1.42</u></u>	<u><u>3.26</u></u>	<u><u>1.88</u></u>
Diluted earnings per share of the Company				
Net profit for the current period	\$ 117,596	149,332	347,938	197,383
The impact of potential common stocks with diluting effect				
Fair value assessment of embedded derivatives (such as trading rights)	300	(8,250)	2,100	-
Expected reduction in interest expense for convertible bonds conversion	7,699	7,537	15,357	-
Net profit for the current period (adjusted)	<u><u>\$ 125,595</u></u>	<u><u>148,619</u></u>	<u><u>365,395</u></u>	<u><u>197,383</u></u>
Weighted average number of outstanding	106,589	104,836	106,575	104,802

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shares

The impact of potential common stocks
with diluting effect

Employees' remuneration	370	226	740	705
The impact of employee stock options	-	101	201	199
The impact of convertible bonds	9,069	8,757	9,069	-
Weighted average number of outstanding shares	116,028	113,920	116,585	105,706
Diluted earnings per share (NT\$)	\$ 1.08	1.30	3.13	1.87

The convertible bonds of the Group are potential common stocks from January 1 to June 30, 2020, but due to their anti-dilution effect, they are not included in the calculation of diluted earnings per share from January 1 to June 30, 2020.

(19) Revenues from customers' contract

A. Disaggregation of revenue

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Primary geographical markets:				
China	\$ 511,794	304,484	1,037,912	629,646
Singapore	416,975	497,484	760,681	734,316
Taiwan	155,801	180,670	301,840	404,850
Malaysia	30,835	11,615	69,505	33,765
US	56,029	116,350	63,953	312,496
Hong Kong	6,800	-	13,148	-
Other countries	6,190	1,572	10,230	2,600
	\$ 1,184,424	1,112,175	2,257,269	2,117,673

B. Remaining balance of contracts

	2021.6.30	2020.12.31	2020.6.30
Accounts receivable (including related party)	\$ 787,168	1,110,030	782,527
Less: Loss allowance	(9,619)	(14,246)	(13,641)
Total amount	\$ 777,549	1,095,784	768,886
Contract assets	\$ 214,172	188,071	191,441

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Contract liabilities (recognized as other current liabilities)	\$ <u>936</u> - -
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The Group has assessed that there is no need to recognize loss allowance for contract assets as of June 30, 2021, December 31 and June 30, 2020.

The variation of contract liabilities comes from the difference between meeting performance obligations and payment timing of customers.

(20) Profit sharing bonus of employees and directors

The Company shall allocate profit sharing bonus to the employees with no less than 5% of the current year's profits before the payment of employees' and the directors' profit sharing bonus. The Company may allocate no more than 0.1% of the profits of the current year for the profit sharing bonus of directors.

The Company accrued profit sharing bonus to employees from April 1 to June 30, 2021 and 2020, from January 1 to June 30, 2021 and 2020 are \$3,333 thousand, \$0 thousand, \$43,333 thousand and \$25,000 thousand respectively, and \$124 thousand, \$181 thousand, \$398 thousand and \$227 thousand for the directors. The bonus of employees and directors are calculated based on income before tax times the certain percentage of employees and directors ruled by the memorandum of association, and recognized operating costs and operating expenses for each period. If there is a difference between the actual allocated amount and the estimated amount in the next year, it will be treated according to the changes in the accounting estimates, and the difference will be classified as the profit and loss of the next year. If Board of Directors decides to pay employee bonus with stocks, the calculating basis of stock is based on the previous day's closing price of Board of Directors meeting.

The Company accrued profit sharing bonus to employees for 2020 and 2019 are \$100,000 thousand and \$87,563 thousand respectively, and \$855 thousand and \$752 thousand for the directors. There is no difference between the estimated amount and the amount of determined by the Board of Directors for the year of 2020 and the year of 2019. Related information is available at the MOPS.

(21) Non-operating gains and losses

A. Interest income

Interest incomes of the Group are as follows:

From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020

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Bank deposit interest	<u>\$</u>	<u>51,593</u>	<u>38,884</u>	<u>106,184</u>	<u>74,455</u>
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B. Other incomes

Other incomes of the Group are as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Incomes from government subsidy	\$ 10,764	23,469	23,491	33,836
Rent concessions (recognized as other income)	-	-	-	1,719
Other incomes	4,832	2,167	11,645	3,525
Total amount of other incomes	<u>\$ 15,596</u>	<u>25,636</u>	<u>35,136</u>	<u>39,080</u>

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C. Other profits and losses

Other profits and losses of Group are as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Net profits (losses) of foreign currency exchange	\$ (11,804)	4,099	(18,162)	(3,542)
Profits from disposal of Property, plant and equipment	132	2,813	121	3,002
Profits (losses) from financial assets/liabilities at fair value through profit and loss	30,102	(26,461)	14,739	(88,316)
Other losses	(381)	(1,417)	(423)	(1,531)
	\$ 18,049	(20,966)	(3,725)	(90,387)

D. Financial costs

The financial costs of Group are as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Interest expenses from bank loans	\$ 9,533	8,543	20,229	18,198
Interest expenses of convertible bonds	7,699	7,537	15,357	15,033
Interest expenses of lease liabilities	417	266	900	592
	\$ 17,649	16,346	36,486	33,823

(22) Financial instruments

The fair value of financial instrument and the situation of credit risk and market risk resulted from financial instrument have no significant changes compared with the consolidated financial report of 2020, except for the following mentioned. Please refer to the note 6 (22) in the consolidated financial report of 2020 for relative information.

A. Credit risks

(a) Credit exposure risk

The book value of financial assets represents the maximum amount of credit exposure risk.

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(b) Concentration of credit risk

On June 30, 2021, December 31, 2020 and June 30, 2020, 83% of the accounts receivable balance of the Group were composed of several customers respectively, which made the Group have a significant concentration of credit risk.

(c) Credit risks of receivables

For credit exposure risk information of notes receivable and accounts receivable, please refer to note 6 (4) for details and note 6 (5) for details of other receivables. The other receivables listed above are all financial assets with low credit risk. Therefore, the allowance loss during the period is measured by the amount of anticipated credit loss for 12 months.

B. Liquidity risk

The following table shows the contract maturity date of financial liabilities, which includes estimated interest.

	Book value	Cash flow of the contract	Within 1 year	1-2 years	2-5 years	More than 5 years
June 30, 2021						
Non-derivative financial liabilities						
Short-term loans	\$ 2,785,958	2,785,958	2,785,958	-	-	-
Accounts payable (including related parties)	520,762	570,762	570,762	-	-	-
Other payables (including related parties)	569,803	569,803	569,803	-	-	-
Dividend payable	440,212	440,212	440,212	-	-	-
Convertible bonds payable (including derivative financial assets)	1,458,863	1,500,000	-	1,500,000	-	-
Long-term loans	837,400	863,202	15,539	847,663	-	-
Lease liabilities	53,326	54,611	36,081	18,020	510	-
Guarantee deposits received	6,279	6,279	5,455	328	-	496
	\$ 6,672,603	6,790,827	4,423,810	2,366,011	510	496
December 31, 2020						
Non-derivative financial liabilities						
Short-term loans	\$ 4,513,883	4,513,883	4,513,883	-	-	-
Accounts payable (including related parties)	322,669	322,669	322,669	-	-	-
Other payables (including related parties)	572,667	572,667	572,667	-	-	-
Convertible bonds payable (including derivative financial assets)	1,441,406	1,500,000	1,500,000	-	-	-
Long-term loans	836,100	870,865	15,539	855,326	-	-
Lease liabilities	65,785	67,770	34,035	31,011	2,724	-
Guarantee deposits received	1,118	1,118	350	202	-	566
	\$ 7,753,628	7,848,972	6,959,143	886,539	2,724	566
June 30, 2020						
Non-derivative financial liabilities						
Short-term loans	\$ 2,676,614	2,676,614	2,676,614	-	-	-
Accounts payable (including related parties)	329,626	329,626	329,626	-	-	-
Other payables (including related parties)	345,112	345,112	345,112	-	-	-
Dividend payable	387,641	387,641	387,641	-	-	-
Convertible bonds payable (including derivative financial assets)	1,431,011	1,500,000	1,500,000	-	-	-

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Lease liabilities	38,547	39,754	16,850	16,141	6,763	-
Guarantee deposits received	821	821	277	-	418	126
	\$ 5,209,372	5,279,568	5,256,120	16,141	7,181	126

C. Exchange rate risk

(a) Exchange rate exposure risk

The financial assets and liabilities of the Group exposed to significant foreign currency exchange rate risks are as follows:

	2021.6.30			2020.12.31			2021.6.30		
	Foreign currency (in thousands)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousand s)	Exchange rate (NT\$)	NT\$	Foreign currency (in thousand s)	Exchange rate (NT\$)	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	15,594	27.8600	434,443	97,903	28.4790	2,788,170	43,935	29.6301	1,301,795
RMB	442,310	4.3127	1,907,552	349,610	4.3546	1,522,412	440,447	4.1867	1,844,019
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	34,124	27.8600	950,694	94,307	28.4795	2,685,823	28,203	29.6305	835,659
Yen	17,053	0.2517	4,292	15,046	0.2759	4,151	13,423	0.2751	3,693

(b) Sensitivity analysis

The exchange rate risk of the Group mainly comes from the foreign currency-denominated cash and the cash equivalents, accounts receivable and other receivables, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during the conversion. On June 30, 2021 and 2020, when the Taiwan dollar devalues by 0.25% against the US dollar, the Chinese Yuan and the Japanese Yen, while all other factors remain unchanged, the net profit before tax from January 1 to June 30, 2021 and 2020 will increase by approximately \$3,467 thousand and \$5,861 thousand, respectively.

(c) Exchange gains and losses of monetary items

Due to the variety of functional currencies in the Group, the exchange gains and losses of monetary items are disclosed by the method of exchange consolidation. The exchange gains (losses) of foreign currencies from April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020 including realized and unrealized ones, are (\$11,804) thousand, \$4,099 thousand, (\$18,162) thousand and (\$3,542) thousand, respectively.

D. Interest rate analysis

The time deposits and short-term loans of the Company are fixed interest rates, which have no interest rate fluctuation risk. Therefore, it does not cause significant cash flow

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risk.

The interest rate of the Group's long-term loans is floating interest rate. The following sensitivity analysis based on the exposure to interest rate risk for long-term loans on reporting date. The analysis of floating interest rate liability is based on the assumption that the liability is outstanding for whole year. The rate of change used when reporting interest rates within the Group to key management is an increase or decrease of 0.25% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases or decreases by 0.25% and all other variables remain unchanged, the Group's net income before tax from January 1 to June 30, 2021 will decrease or increase by 1,050 thousand, mainly due to the Group's floating interest rate loans.

E. Information on types and fair value of financial instruments

(a) Types and fair value of financial instruments

The book amount and fair value (including fair value-grade information, but not a reasonable approximation of fair value to the book value of financial instruments measured by fair value, and investment in equity instruments without quotation and reliable measurement of fair value in the flexible market, there is no need to disclose fair value information according to regulations.) of the financial assets and financial liabilities of the Group are listed as follows:

	2021.6.30				
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Derivative financial assets – non-current	\$ 450	-	450	-	450
Non-listed foreign shares	110,688	-	-	110,688	110,688
Private equity fund	347,560	-	-	347,560	347,560
Subtotal	458,698	-	450	458,248	458,698
Financial assets at amortized costs					
Cash and cash equivalents	\$ 8,476,967	-	-	-	-
Restricted bank deposit	59,751	-	-	-	-
Contract assets	214,172	-	-	-	-
Notes receivable and accounts receivable (including related parties)	777,549	-	-	-	-
Other receivables	46,391	-	-	-	-
Guarantee deposits paid	12,770	-	-	-	-

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Subtotal	9,587,600	-	-	-	-
Total amounts	\$ 10,046,298	-	450	458,248	458,698
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - current	\$ 2,200	-	2,200	-	2,200
Financial liabilities at amortized costs					
Bank loans	2,785,958	-	-	-	-
Accounts payable (including related parties)	520,762	-	-	-	-
Other payables (including related parties)	569,803	-	-	-	-
Dividend payable	440,212	-	-	-	-
Convertible bond-liability component	1,459,313	-	-	-	-
Long-term loans	837,400	-	-	-	-
Lease liabilities	53,326	-	-	-	-
Guarantee deposits received	6,279	-	-	-	-
Subtotal	6,673,053	-	-	-	-
Total amounts	\$ 6,675,253	-	2,200	-	2,200

2020.12.31

		Fair value			
	Book value	Grade 1	Grade 2	Grade 3	Total amount
Financial assets at fair value through profit or loss					
Derivative financial assets –current	\$ 13,607	-	13,607	-	13,607
Non-listed foreign shares	65,472	-	-	65,472	65,472
Private equity fund	380,528	-	-	380,528	380,528
Subtotal	459,607	-	13,607	446,000	459,607
Financial assets at amortized costs					
Cash and cash equivalents	\$ 9,943,380	-	-	-	-
Restricted bank deposit	8,000	-	-	-	-
Contract assets	188,071	-	-	-	-
Notes receivable and accounts receivable (including related parties)	1,095,784	-	-	-	-
Other receivables	10,945	-	-	-	-
Guarantee deposits paid	12,540	-	-	-	-
Subtotal	11,258,720	-	-	-	-
Total amounts	<u><u>\$ 11,718,327</u></u>	<u><u>-</u></u>	<u><u>13,607</u></u>	<u><u>446,000</u></u>	<u><u>459,607</u></u>
Financial liabilities at amortized costs					
Bank loans	\$ 4,513,883	-	-	-	-
Accounts payable (including related parties)	322,669	-	-	-	-
Other payables (including related parties)	572,667	-	-	-	-

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Convertible bond-liability component	1,443,956	-	-	-	-
Long-term loans	836,100	-	-	-	-
Lease liabilities	65,785	-	-	-	-
Guarantee deposits received	1,118	-	-	-	-
Total amounts	\$ 7,756,178	-	-	-	-

2020.6.30					
	Book value	Fair value			Total amount
		Grade 1	Grade 2	Grade 3	
Financial assets at fair value through profit or loss					
Private equity fund	\$ 381,544	-	-	381,544	381,544
Financial assets at amortized costs					
Cash and cash equivalents	6,763,902	-	-	-	-
Contract assets	191,441	-	-	-	-
Notes receivable and accounts receivable (including related parties)	768,886	-	-	-	-
Other receivables	7,954	-	-	-	-
Guarantee deposits paid	10,689	-	-	-	-
Subtotal	7,742,872	-	-	-	-
Total amounts	\$ 8,124,416	-	-	381,544	381,544
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities - current	\$ 2,250	-	2,250	-	2,250
Financial liabilities at amortized costs					
Bank loans	2,676,614	-	-	-	-
Accounts payable (including related parties)	329,626	-	-	-	-
Other payables (including related parties)	345,112	-	-	-	-
Dividend payable	387,641	-	-	-	-
Convertible bond-liability component	1,428,761	-	-	-	-
Long-term loans	38,547	-	-	-	-
Guarantee deposits received	821	-	-	-	-
Subtotal	5,207,122	-	-	-	-
Total amounts	\$ 5,209,372	-	2,250	-	2,250

(b) Fair value assessment technique for measuring financial instruments at fair value

(I) Non-derivative financial instruments

The financial instrument held by the Group without an active market is an equity instrument or beneficiary certificate without open price, and its fair value is listed as the following by its kind and attributes:

- (i) Equity instrument without open price: to use comparable company method

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and comparable transaction method. The main assumption of comparable company method is based on the enterprise value of the investee and the listed enterprise value-to-sales multiplier derived from the market prices of comparable companies. This estimate has adjusted for the discounted effect of the lack of marketability of the equity securities.

(ii) Beneficiary certificate without open price: The fair value is estimated using the asset method. Total value of the beneficiary certificate is determined by the value covered by it.

(II) Derivative financial instruments

The right of conversion, redemption and sale of convertible bonds payable is estimated at fair value according to the appraisal report of external experts. The evaluation model is a binary tree convertible bond evaluation model, which uses market basis including stock price volatility, risk-free interest rate, risk discount rate and liquidity risk to observe the input value to reflect the fair value of options. Forward foreign exchange contract is usually evaluated based on the bank statement.

(c) Statement of changes of Grade 3

	<u>From January to June 2021</u>		<u>From January to June 2020</u>
	Non-listed foreign company shares	Private equity fund	Private equity fund
Balance on January 1	\$ 65,472	380,528	476,151
Gains/ Losses:			
Recognized in gains/ losses	46,452	(28,697)	(83,760)
The impact of exchange rate	(1,236)	(4,271)	(10,847)
Balance on June 30	<u>\$ 110,688</u>	<u>347,560</u>	<u>381,544</u>

The above mentioned profits/ losses are recognized in other profits and losses.

(d) Quantified information on significant unobservable inputs (Grade 3) used in fair value measurement

Main composition of fair value classified as Grade 3 of the Group is financial assets at fair value through profit or loss.

Investments in equity instruments classified as the Grade 3 non-active market have significant unobservable input values in the plural. The significant unobservable input values of equity instruments investment in non-active markets are independent of

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each other, so there is no correlation between them.

The quantitative information of significant unobservable input values is listed as follows:

Items	Evaluation technologies	Significant unobservable input value	The relationship between significant unobservable input values and fair value
Financial assets at fair value through profit or loss — equity vehicle investment without active market	Refer to Listed (OTC) Company Act and Comparable transaction method	<ul style="list-style-type: none"> • Multiplier of enterprise value-to-sales(3.94 on 2021.6.30 and 4.16 on 2020. 12.31) • Lack of market liquidity discounts (15% on 2021.6.30 and 20% on 2020. 12.31) 	<ul style="list-style-type: none"> • The higher the multiplier, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value
Financial assets at fair value through profit or loss-private equity fund	Net asset value method	Net asset value	<ul style="list-style-type: none"> • The higher the net asset value, the higher the fair value

- (e) A sensitivity analysis of the fair value of the Grade 3 to reasonable alternative assumptions

The fair value measurement of financial instruments by Group is reasonable, but different evaluation models or parameters may lead to different evaluation results. For financial instruments classified as the Grade 3, if the evaluation parameters change, the impact on current profits and losses is as follows:

		Changes in fair value reflecting in current profits and losses	
	Input value	Move up or down	
			Favorable change
			Unfavorable change
June 30,2021			
Financial assets measured at fair value through profit and loss			
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	1,279
			(1,279)
December 31,2020			
Financial assets measured at fair value through profit and loss			
Equity instrument investment in non-active market	Enterprise value-to-Sales	5%	792
			(792)

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The favorable and unfavorable changes of the Group refer to the fluctuations of the fair value, which is calculated based on the evaluation technology according to the varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of changes in a single input value and does not take into account the correlation and variability between input values.

(f) Offsetting of financial assets and liabilities

The Group has transactions in financial instruments that are subject to the provisions of paragraph 42 of the IAS 32 endorsed by FSC, and the financial assets and financial liabilities related to such transactions are expressed on the balance sheet as a net amount.

The following table lists the relevant information about the offset of the above financial assets and financial liabilities:

2021.6.30						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		
Other financial assets	1,783,040	1,783,040	-	-	-	-

2021.6.30						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial liabilities (a)	Offset financial assets recognized in balance sheet (b)	Net amount of financial liabilities in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		
Short-term loans	1,783,040	1,783,040	-	-	-	-

2020.12.31						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		
Other financial assets	1,993,600	1,993,600	-	-	-	-

2020.12.31						
Financial assets subject to offset, offset settlement agreement or similar agreements						
Total amount of recognized financial liabilities (a)	Offset financial assets recognized in balance sheet (b)	Net amount of financial liabilities in balance sheet (c)=(a)-(b)	Relative amount not offset in balance sheet (d)			Net amount (e)=(c)-(d)
			Financial instrument	Cash collateral received		

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Short-term loans	1,993,600	1,993,600	-	-	-	-
2020.6.30						
Financial assets subject to offset, offset settlement agreement or similar agreements						
			Relative amount not offset in balance sheet (d)			
Total amount of recognized financial assets (a)	Offset financial liabilities recognized in balance sheet (b)	Net amount of financial assets in balance sheet (c)=(a)-(b)	Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)	
Other financial assets	2,400,030	2,400,030	-	-	-	-
2020.6.30						
Financial assets subject to offset, offset settlement agreement or similar agreements						
			Relative amount not offset in balance sheet (d)			
Total amount of recognized financial liabilities (a)	Offset financial assets recognized in balance sheet (b)	Net amount of financial liabilities in balance sheet (c)=(a)-(b)	Financial instrument	Cash collateral received	Net amount (e)=(c)-(d)	
Short-term loans	2,400,030	2,400,030	-	-	-	-

(23) Financial risk management

The target and policy of financial risk management of the Group has no significant changes compared with note 6 (23) in the consolidated financial report of 2020.

(24) Capital management

The target, policy, and procedure of capital management of the Group are consistent with those in the consolidated financial report of 2020, the quantified data summary of capital management has no significant changes compared with the consolidated financial report of 2020. Please refer to the note 6 (24) in the consolidated financial report of 2020 for relate information.

(25) Investment and financing activities in non-cash transactions

For the year ended June 30, 2021 and 2020, the Group's non-cash investing and financing activities were derived from acquisition right-of-use asset through finance leasing and the amortization of convertible bonds discount. Please refer to notes 6(8), (12) and (13) for related information.

The adjustment of liabilities from financing activities are as follows:

	Non-cash changes						
	2021.1.1	Cash flow	Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Others
Short-term loans	\$ 4,513,883	(1,727,925)	-	-	-	-	2,785,958
Long-term loans	836,100	-	-	-	-	-	837,400
Convertible bonds payable	1,443,956	-	15,357	-	-	-	1,459,313
Lease liabilities	65,785	(16,817)	-	(1,838)	-	6,196	53,326
Total liabilities from financing activities	\$ 6,859,724	(1,744,742)	15,357	(1,838)	-	6,196	5,135,997

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			Non-cash changes					
			Discount and amortization	Exchange rate changes	Fair value changes	Acquire	Others	
	2020.1.1	Cash flow						2020.6.30
Short-term loans	\$ 3,022,229	(345,615)	-	-	-	-	-	2,676,614
Financial assets measured at fair value through profit or loss — non-current	(2,250)	-	-	-	4,500	-	-	2,250
Convertible bonds payable	1,413,728	-	15,033	-	-	-	-	1,428,761
Lease liabilities	51,875	(10,240)	-	(2,059)	-	690	(1,719)	38,547
Total liabilities from financing activities	<u>\$ 4,485,582</u>	<u>(355,855)</u>	<u>15,033</u>	<u>(2,059)</u>	<u>4,500</u>	<u>690</u>	<u>(1,719)</u>	<u>4,146,172</u>

7. Related party transactions

(1) Parent company and ultimate controller

Foxconn (Far East) Limited is the parent company of the Group, holding 59.52%, 59.64% and 60.05% of the outstanding common shares of the Group as of June 30, 2021, December 31, 2020 and June 30, 2020 respectively. Hon Hai Precision Industry Co., Ltd. is the ultimate controller of the Group to which the Group belongs. Hon Hai Precision Industry Co., Ltd. has prepared a consolidated financial report for public use.

(2) Name and relations of related parties

During the period covered by this consolidated financial report, the following persons have business relations with the Group:

Name of related parties	Relation with Group
Hon Hai Precision Industry Co., Ltd.	Ultimate controller
Foxconn OE Technologies Singapore Pte. Ltd.	Its ultimate controller is the same as that of Group
Foxconn Interconnect Technology Limited	Its ultimate controller is the same as that of Group
Fortunebay Technology Pte. Ltd.	Its ultimate controller is the same as that of Group
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Foxconn (Nanjing) Software Company	Its ultimate controller is the same as that of Group
AnPinDa Precision Industrial (Huizhou) Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fox-energy Technology Company	Its ultimate controller is the same as that of Group
Futaihua Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group

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Zhengyi longhua Special Material (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Triple Win Technology (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Foxcavity Precision Industry (Shenzhen) Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fertile Plan International Logistics Co., Ltd.	Its ultimate controller is the same as that of Group
Shenzhen Fugui Precision Industry Co.,Ltd	Its ultimate controller is the same as that of Group
Shenzhen Yuzhan Precision Technology Co., Ltd.	Its ultimate controller is the same as that of Group
YuanFu(Shenzhen) Technology Co.,Ltd.	Its ultimate controller is the same as that of Group
Sharp Corporation	Other related parties
Champ Tech Optical (Foshan) Corporation	Other related parties

(3) Major transactions with related parties

A. Sales

The significant sales amount of the Group to the related parties is as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Other related parties				
Foxconn OE Technologies Singapore Pte. Ltd.	\$ -	-	-	1,015
Foxconn Interconnect Technology Limited	112,647	94,582	200,986	192,833
Triple Win Technology (Shenzhen) Co., Ltd.	340,629	263,109	798,042	558,539
Other related parties	245	239	493	483
	\$ 453,521	357,930	999,521	752,870

There is no significant difference between the above price terms of sales revenue and that of general customers. The collection conditions are within four months, no significant difference with the general customer.

B. Purchase

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The purchase amount of the Group from the related parties is as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Other related parties	<u>\$ 40,573</u>	<u>21,625</u>	<u>58,249</u>	<u>32,843</u>

There is no significant difference between the purchase price of the Group and that of the general manufacturer. Payment terms are all within four months, and there is no significant difference with the general manufacturers.

C. Expenses for professional services

The details of management service fees and legal fees paid by the Group to the related parties are as follows:

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Ultimate controller	<u>\$ 201</u>	<u>1,632</u>	<u>491</u>	<u>3,441</u>

D. Accounts receivable from related parties

Details of the receivables of the related parties of the Group are as follows:

Account items	Related-party categories	2021.6.30	2020.12.31	2020.6.30
Accounts receivable	Other related parties			
	Foxconn Interconnect Technology Limited	\$ 111,335	101,436	92,526
	Triple Win Technology (Shenzhen) Co., Ltd.	282,053	600,228	222,754
	Others	86	87	84
		<u>\$ 393,474</u>	<u>701,751</u>	<u>315,364</u>

As of June 30, 2021, December 31, 2020 and June 30, 2020, no allowance for loss is required for the above-mentioned related parties.

E. Contract assets

The details of the contract assets of the Group to related parties are as follows:

Account items	Types of related parties	2021.6.30	2020.12.31	2020.6.30
Contract assets	Other related parties			
	Triple Win Technology (Shenzhen) Co., Ltd.	<u>\$ 14,838</u>	<u>12,855</u>	<u>8,658</u>

F. Payables to the related parties

The details of the amount payable by the Group to its related parties are as follows:

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Account items	Types of related parties	2021.6.30	2020.12.31	2020.6.30
Accounts payable	Other related parties	\$ 23,706	3,175	194
Other payables	Ultimate controller	6,151	14,805	14,805
	Other related parties			
	Foxcavity Precision Industry (Shenzhen) Co., Ltd.	10,234	11,887	1,517
	Others	9,688	11,762	4,345
		26,073	38,454	20,667
		<u>\$ 49,779</u>	<u>41,629</u>	<u>20,861</u>

(4) Remuneration of major management personnel

	From April to June 2021	From April to June 2020	From January to June 2021	From January to June 2020
Short-term employee benefits	\$ 6,044	3,608	31,077	20,097
Post-retirement benefits	88	88	175	175
	<u>\$ 6,132</u>	<u>3,696</u>	<u>31,252</u>	<u>20,272</u>

8. Pledged assets

Book value list of pledged assets of the Group is as follows:

Pledged asset	Object	2021.6.30	2020.12.31	2020.6.30
Restricted bank deposit (recognized as financial assets measured at amortized cost-current)	Customs deposit	\$ 51,752	-	-
Restricted bank deposit (recognized as financial assets measured at amortized cost-non-current)	Long-term loan	8,000	8,000	-
Total		<u>\$ 59,752</u>	<u>8,000</u>	<u>-</u>

9. Material contingent liabilities and unrecognized contractual commitments: None.

10. Major disaster losses: None.

11. Major subsequent events: None.

12. Others

(1) The functions of employee welfare, depreciation, depletion and amortization are summarized as

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follows:

Functions Items	From April to June 2021			From April to June 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	141,398	97,152	238,550	121,423	54,538	175,961
Health insurance expenses	2,042	1,781	3,823	1,046	1,322	2,368
Pension expenses	9,360	4,778	14,138	4,550	2,048	6,598
Other employee benefit expenses	17,317	8,108	25,425	22,145	7,085	29,230
Depreciation expenses	122,771	27,224	149,995	103,601	14,427	118,028
Amortization expenses	2,681	199	2,880	127	437	564

Functions Items	From January to June 2021			From January to June 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefit expenses						
Salary expenses	297,645	179,832	477,477	252,889	121,452	374,341
Health insurance expenses	3,866	4,083	7,949	2,084	2,744	4,828
Pension expenses	19,094	9,313	28,407	10,044	4,734	14,778
Other employee benefit expenses	39,634	16,251	55,885	26,556	9,481	36,037
Depreciation expenses	233,021	52,554	285,575	210,903	29,060	239,963
Amortization expenses	5,389	414	5,803	268	929	1,197

(2) Seasonal characteristic:

The operation of the Group is not affected by seasonal or cyclical factors.

13. Disclosure of Note

(1) Information on major transactions

From January 1 to June 30, 2021, the Group shall disclose the information on the major transactions subject to the Guidelines:

A. Loan to other parties:

Unit: NT\$1,000

NO	Creditor	Borrower	General ledger account	Related party or not	Maximum outstanding balance at June 30, 2021	Balance at June 30, 2021	Actual amount drawn down (Note 2)	Interest rate (%)	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Limit on total loans
													Item	Value		
1	ShunSin (Samoa)	The Company	Other receivables	Y	704,528 (RMB 160,000)	411,216 (RMB 95,350)	411,216 (RMB 95,350)	-	2	-	Business operation	-	-	-	4,022,608 (Note 2)	4,022,608 (Note 2)

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2	ShunYun (Cayman)	ShunYun (Ha Noi)	Other receivables	Y	97,510 (USD 3,500)	97,510 (USD3,500)	97,510 (USD 3,500)	0.50	2	-	Business operation	-	-	-	510,304 (Note 3)	1,020,608 (Note 3)
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Note1: The method of filling in the nature of capital loan is as follows:

(1) For business trading, please fill in 1.

(2) If short-term financing is necessary, please fill in 2.

Note2: The policy for loans granted by subsidiaries to the Company whose voting shares are not directly or indirectly wholly-owned, the loan shall not be restricted to the regulation of individual subsidiary, though total loans shall not exceed 400% of the Company's net value.

Note 3: The policy for loans granted by overseas subsidiaries of which parent company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by overseas subsidiaries is not limited to its regulations, however, ceiling of total loans is 400% of the net assets value of lender; limit on loans granted by an subsidiary to a single party is 200% of the net assets value of lender.

Note4: The aforementioned transactions between consolidated entities have been offset at the time of preparing consolidated financial statements.

B. Endorsement/Guarantee provided:

No	Guarantor/Endorser	Party being guaranteed/endorsed		Limited on guarantees/endorsements provided for a single party (Note2)	Maximum outstanding guarantee/endorsement amount as of June 30, 2021	Outstanding guarantee/endorsement amount as of June 30, 2021	Amount of guarantees/endorsements secured with collateral	Ratio of accumulated guarantee/endorsement amount to net asset value of the guarantor/endorser company (%)	Limit on total amount of guarantee s/endorsements period (Note2)	Provision of guarantees/endorsements by parent company to subsidiary	Provision of guarantee s/endorsements by subsidiary to parent company	Provision of guarantees/endorsements to the party in Mainland China	Amount of guarantees/endorsements secured with collateral
		Company name	Relationship with the guarantor/endorser (Note1)										
1	ShunSin (Zhongshan)	ShunYun (Zhongshan)	1	9,451,894	52,840 (RMB 12,000)	51,752 (RMB12,000)	51,752 (RMB12,000)	-	0.88%	9,451,894	N	N	Y

Note 1: Relationship between guarantor and guarantee:

1. Business transaction

2. The Company directly or indirectly holds more than 50% of their voting shares.

3. The party directly or indirectly holds more than 50% of the Company's voting shares.

Note 2: The total guarantees and endorsements of ShunSin (Zhongshan) to others should not be in excess of ShunSin (Zhongshan)'s net value, and for a single party should not be in excess of ShunSin (Zhongshan)'s net value.

C. Marketable securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Holding company	Types and names of marketable securities	Relations with securities issuers	Account subjects	Closing period				Remarks
				Number of share	Book value	Shareholding ratio	Fair value	
ShunSin (Samoa)	Stocks: Dyna Image Corp	—	Financial assets measured at fair value through profit or loss-non-current	540,000	-	5.56%	-	
ShunSin (Zhongshan)	Stocks: Lansus Technologies Inc.	—	"	-	110,688	0.77%	110,688	
ShunSin (Zhongshan)	Private Fund: Ji Nan Fu Jie industrial investing joint venture	—	"	-	347,560	6.67%	347,560	

D. Accumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of the paid-in capital: none.

E. The amount for acquiring real estate is \$300 million or more than 20% of the paid-in capital: none.

F. The amount for disposing of real estate amounted to \$300 million or more than 20% of the paid-in capital: none.

G. The amount of goods purchased and sold reaches \$100 million or more than 20% of the paid-in capital with the related parties:

Companies purchasing	Counter party	relation	Transaction situation				Reason of trading terms differs from normal transaction		Notes receivable (payable), accounts receivable (payable)		Note
			Purchase/	Amount	Ratio of total	Credit	Unit price	Credit period	Balance	Ratio to total	

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and selling goods			(sale)		purchas e (sales)	period				notes receivable , accounts receivable (payable)	
ShunSin (Zhongshan)	The Company	Parent company	Sale	(494,743)	(31.22)%	4 months	-	-	565,580	53.83%	Note2
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Sale	(139,398)	(8.80)%	4 months	-	-	149,425	14.22%	Note2
ShunSin (Zhongshan)	Triple Win Technology (Shenzhen) Co., Ltd	Other related party	Sale	(798,042)	(50.36)%	4 months	-		282,053	26.84%	
The Company	ShunYun (Cayman)	Subsidiary company	Sale	(228,439)	(21.53)%	4 months	-	-	227,255	43.42%	Note2
The Company	FIT	Other related party	Sale	(200,986)	(18.94)%	4 months	-		111,335	21.27%	

Note 1: The price is calculated at the agreed price.

Note 2: The above transactions with the consolidated entities have been written off at the time of preparing the consolidated financial statements.

H. Receivables of related parties amounted to \$100 million or more than 20% of the capital receivable:

Companies that account for receivables	Companies that account for receivables	Relation	Related parties of receivables Balance of amounts	Turnover rate %	Overdue receivables of Related parties		Related parties of receivables Amount recovered after the period(Note 2)	setting aside for allowance for bad debt
					Amount	Treatment		
The Company	ShunYun (Cayman)	Subsidiary	Accounts receivable(Note 1): 227,255	4.02	-		-	-
The Company	FIT	Other related party	Accounts receivable: 111,335	3.78	-		70,906	-
ShunSin (Zhongshan)	The Company	Parent company	Accounts receivable(Note 1): 565,580	2.28	-		38,595	-
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Accounts receivable(Note 1): 149,425	3.73	-		-	-
ShunSin (Zhongshan)	Triple Win Technology (Shenzhen) Co., Ltd	Other related party	Accounts receivable: 282,053	3.62	-		158,064	-
ShunSin (Zhongshan)	The Company	Parent company	Other receivable (Note 1): 627,871	-	-		280,933	-
ShunSin (Zhongshan)	ShunYun (Zhongshan)	Affiliate	Other receivable (Note 1): 366,559	-	-		-	-
ShunYun (Zhongshan)	ShunSin (Samoa)	Affiliate	Other receivable (Note 1): 249,665	-	-		-	-
ShunSin (Samoa)	The Company	Parent company	Other receivable (Note 1): 411,216	-	-		-	-

Note 1: The aforementioned transactions between consolidated entities have been written off in the preparation of consolidated financial statements.

Note 2: As of August 13, 2021.

I. Engaging in derivatives trading: Please refer to note 6 (2) and (12) for details.

J. Business relations and important transactions between parent and subsidiary companies:

No. (Note 1)	Trader's name	Business trading objects	Relation between trader (Note 2)	Transaction situation			Ratio to consolidated total operating income or total assets (Note 3)
				Subject	Amount	Transaction conditions	
0	The Company	ShunSin (Zhongshan)	1	Purchases	494,743	The price is based on the price agreed by both	21.87

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						parties	
0	"	"	1	Accounts payable	565,580	Within 4 months	4.18
0	"	"	1	Other payables	627,871	Pay/receive on behalf, no general customers for comparison	4.64
0	"	ShunSin (Samoa)	1	Other payables	411,216	Capital Loan	3.04
1	ShunSin (Samoa)	ShunYun (Zhongshan)	3	Other payables	249,665	Pay/receive on behalf, no general customers for comparison	1.84
2	ShunYun (Cayman)	The Company	2	Purchases	228,439	The price is based on the price agreed by both parties	10.10
2	"	"	2	Accounts payable	227,255	Within 4 months	1.68
2	"	ShunYun (Zhongshan)	3	Contract liability	137,444	Recognition by completion ratio	1.01
3	ShunYun (Zhongshan)	ShunSin (Zhongshan)	3	Purchases	139,398	The price is based on the price agreed by both parties	6.16
3	"	"	3	Accounts payable	149,425	Within 4 months	1.10
3	"	"	3	Other payables	366,559	Pay/receive on behalf, no general customers for comparison	2.70

Note 1: The information of business transactions between the parent company and the subsidiary company shall be indicated in the No. column respectively. The No. shall be entered as follows:

1. Fill in 0 for parent company.
2. Subsidiaries are numbered in sequence starting with 1.

Note 2: There are three types of relationships with a trader, which can be labeled as follows:

1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

Note 3: The calculation of the transaction amount to the consolidated total revenue or the ratio of total assets shall be carried out in the form of the closing balance to the consolidated total assets if it belongs to the subject of assets and liabilities. In the case of subject of profit and loss, the cumulative amount at closing period shall be calculated on the basis of the consolidated total revenue.

Note 4: It is hereby disclosed that the balance sheet accounts for more than 1% of the consolidated total assets and the subject of profit and loss accounts for more than 10% of the total revenue.

Note 5: The aforementioned transactions between consolidated entities have been written off in the preparation of consolidated financial statements.

(2) Information on re-investment business:

The information of the reinvested business of the Group from January 1 to June 30, 2021, is as follows (excluding the invested company in mainland China):

Name of investment company	Name of invested company	Location	Main business contents	Original investment amounts (Note3)		Shareholding at the closing period			Net income (losses) of investee (Note 1)	Share of profits/ losses of investee (Note 1 and 2)	Note
				June 30, 2021	June 30, 2020	Shares	Percentage of ownership	Carrying value (Note 1 and 2)			
The Company	ShunSin (Hong Kong)	Hong Kong	Holding Company	2,856,206	2,589,284	752,471,240	91.03%	8,572,653	131,222	119,451	subsidiary
The Company	ShunSin	Samoa	Overseas	287,928	287,928	9,510,000	100.00%	1,005,652	342,227	342,227	subsidiary

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	(Samoa)		material and equipment procurement								
The Company	ShunYun (Ha Noi)	Vietnam	Produce high speed optical transceiver	180,234	180,234 (Note4)	(Note4)	100.00%	28,494	(88,320)	(88,320)	subsidiary
The Company	ShunSin (Bac Giang)	Vietnam	Produce high speed optical transceiver	1,188,020	1,188,020 (Note5)	(Note5)	100.00%	1,134,683	8,775	8,775	subsidiary
The Company	ShunYun (Cayman)	Cayman	Holding Company	234,190	6,580	8,430,000	100.00%	255,152	20,906	20,906	subsidiary
ShunSin (Samoa)	ShunSin (Hong Kong)	Hong Kong	Holding Company	287,622	287,622	74,183,976	8.97%	844,740	131,222	11,771	affiliate

Note 1: According to the financial statements reviewed by CPA of the parent company, the invested company shall be appraised and recognized at equity.

Note 2: Long-term and current investment gains and losses at the closing period have been written off in the preparation of consolidated financial statements.

Note 3: The above original investment amount is calculated at historical exchange rate.

Note 4: ShunYun (Ha Noi) does not issue shares due to it is limited corporation thus it has no shares.

Note 5: ShunSin (Bac Giang) does not issue shares due to it is limited corporation thus it has no shares.

(3) Information on investment in Mainland China:

A. Name of mainland invested company, main business contents and other related information:

Unit: NTD 1,000

Name of investee	Main business and products	Paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	Net income (losses) of investee	Percentage of ownership	Share of profits/ losses of investee (Note 2 and 3)	Carrying value as of June 30, 2021 (Note 2 and 3)	Accumulated inward remittance of earnings as of June 30, 2021
					Outflow	Inflow						
ShunSin (Zhongshan)	Assembly, testing and sales of SiP products and other types of integrated circuits	3,030,692 (RMB 722,637)	(2)	Note 4	Note 4	Note 4	Note 4	132,469 (RMB 30,417)	100.00%	121,827 (RMB 27,973) (Note 5)	9,440,834 (RMB 2,189,151) (Note 5)	Note 4
ShunYun (Zhongshan)	Produce high speed optical transceiver	266,181 (RMB 61,392)	(2)	Note 4	Note 4	Note 4	Note 4	17,455 (RMB 4,008)	100.00%	17,455 (RMB 4,008)	282,044 (RMB 65,400)	Note 4
Talentek	Design, R&D, testing and sales of electrical equipment, communication equipment and automation equipment	119,848 (RMB 26,898)	(3)	Note 4	Note 4	Note 4	Note 4	(2,134) (RMB (490))	65.68%	(1,402) (RMB (322))	78,847 (RMB 18,283)	Note 4

Note 1: The investment modes can be divided into the following three categories, which can be labeled as categories.

- (1) Direct investment in mainland China.
- (2) Invest in ShunSin Hong Kong and then re-invest in companies in mainland China.
- (3) Invest in ShunSin Zhongshan and then re-invest in companies in mainland China.

Note 2: According to the financial statements reviewed by CPA of the parent company, the invested company is evaluated and listed at equity.

Note 3: Long-term and current investment gains and losses at closing period have been written off at the time of compiling the consolidated financial statements.

Note 4: The Company is not a company in Taiwan, so there is no such amount.

Note 5: The book value of the investment at the end of the period of 9,440,834 thousand has deducted the unrealized benefits of the fixed assets sold to affiliated companies which amounting to 11,060 thousand. This unrealized benefit has been recognized in the book value of the investment at the end of the period and the investment profit or loss recognized in the current period.

Note 6: The above paid-in capital is calculated at historical exchange rate, the book value held at the closing period is calculated at the exchange rate of June 30, 2021 (exchange rate at closing period RMB: NTD = 1: 4.3126, and the remainder is calculated at the average exchange rate (RMB: NTD = 1:4.3551).

B. Investment limits in mainland China: Not applicable.

C. Major transactions with mainland invested companies:

For the major direct or indirect transactions between the Group and the mainland invested company from January 1 to June 30, 2021 (which were written off at the time of compiling the consolidated financial report), please refer to "Information on Major Transactions".

(4) Information of major shareholders:

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Unit: Share

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Foxconn (Far East) Limited		63,964,800	59.52%

- (a) The main shareholder information in this table is calculated by Taiwan Depository and Clearing Company on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration (including treasury shares) is more than 5%.
- (b) The information aforementioned if shareholders deliver their shares to the trust was disclosed by the individual trustee who opened the trust account. As for shareholders who handle the declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery to the trust and the use of decision making shares in the trust property, please refer to the Market Observation Post System for information on insider equity declaration.

14. Information on Departments

There is only one reporting department in the Group, so please refer to the consolidated balance sheet and consolidated income statement for the information on operating department.